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DE RUEHWL #1334 3251542

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FM AMEMBASSY WARSAW

TO RUEHC/SECSTATE WASHDC PRIORITY 7371

INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

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C O N F I D E N T I A L WARSAW 001334

SIPDIS

STATE FOR EUR/CE AND DRL/IL
LABOR FOR ILAB

E.O. 12958: DECL: 11/19/2018

TAGS: PGOV ELAB ECON PL

SUBJECT: GOVERNMENT ACTS QUICKLY TO AVERT POTENTIAL
COALITION CRISIS

Classified By: POLITICAL COUNSELOR DANIEL SAINZ FOR REASONS
1.4 (B) AND (D).

¶1. (SBU) Poland's two coalition parties -- Civic Platform (PO) and the Polish People's Party (PSL) -- acted quickly to resolve what Prime Minister Tusk characterized as a "misunderstanding" between himself and Labor Minister Jolanta Fedak (PSL). Controversy erupted November 17 when Fedak unexpectedly announced her intent to submit legislation to the Sejm (lower house of parliament) that would leave teachers' early retirement benefits in place for 25 years.

¶2. (SBU) Fedak's announcement was strongly criticized by Tusk's chief political advisor, Michal Boni, who argued that the proposal would undermine legislation, which passed the Sejm November 7, to reduce the number of workers eligible for early retirement by around 75 percent, from 1 million to approximately 270,000. Occupational groups most affected by the legislation are teachers, journalists, and some railway workers. The legislation is expected to pass the PO-dominated Senate by a wide margin. The current law allowing early retirement will sunset in January 2009, leaving President Kaczynski with a difficult choice between signing the legislation -- which would be seen as a sign of betrayal by key Law and Justice (PiS) constituents -- or vetoing the legislation -- which carries the risk of being blamed if the law sunsets altogether and all early retirement benefits lapse.

¶3. (SBU) Although Fedak's proposal risked undoing what many considered PO's first strategic victory over PiS, Prime Minister Tusk, traveling in Qatar, reacted calmly, speculating that there must have been a misunderstanding between himself and Fedak. PO Caucus Zbigniew Chlebowski and PSL Caucus Chair Stanislaw Zelichowski met on the afternoon of November 18 with Fedak and Education Minister Katarzyna Hall. Following the meeting, Chlebowski and Zelichowski announced plans to prepare a new draft that would offer "pre-retirement" benefits to teachers who are two-to-three years away from regular retirement (at age 60 for women, 65 for men).

¶4. (C) COMMENT: The fact that a Polish coalition government was able to react quickly -- and identify compromises -- to avert a potential crisis is being viewed as something of a novelty by Polish media. Whether Fedak's actions are truly the result of a misunderstanding or part of a PSL strategy to chip away at a key PiS constituency, the fact that PO leadership was willing to compromise indicates that PSL is viewed as a serious coalition partner. It also highlights PSL's increasingly important role in legitimizing PO's reform agenda outside of PO's free market-oriented constituency.

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